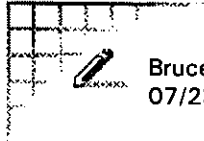


NLWJC - Kagan

DPC - Box 030 - Folder 019

Health - Viagra

Health-Viagra



Bruce N. Reed
07/23/98 10:36:52 AM

Record Type: Record

To: Christopher C. Jennings/OPD/EOP
cc: Elena Kagan/OPD/EOP
Subject: VA to Exclude Viagra from Formulary

I assume this will be news, since Viagra always gets covered by the press (if not by insurance plans). How should we handle it?

----- Forwarded by Bruce N. Reed/OPD/EOP on 07/23/98 10:40 AM -----

Daniel N. Mendelson

07/22/98 06:25:25 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc: See the distribution list at the bottom of this message
Subject: VA to Exclude Viagra from Formulary

The Veterans Administration Health Care (VAHC) system will soon announce that they have decided not to cover Viagra. This decision resulted from a well-reasoned process, was made primarily on the basis of cost (with complications a distant second). Because VAHC is a discretionary program, assuming the costs of Viagra would mean less care for other veterans, particularly the poor. Pharmaceutical non-coverage is within their statutory authority, and they have made other such decisions in the past.

It will be important to explain clearly why this decision is not inconsistent with HCFA's recent coverage directive for Viagra. Unlike the VA, HCFA must cover all drugs approved by the FDA (with some limited exceptions) under an agreement linked to the Medicaid rebate program. Also unlike the VAHC, the Medicaid program is paid through mandatory dollars.

If you have questions or concerns, please feel free to contact me.

Message Copied To:

Sylvia M. Mathews/OMB/EOP
Christopher C. Jennings/OPD/EOP
Bruce D. Long/OMB/EOP
Barry T. Clendenin/OMB/EOP
Linda Ricci/OMB/EOP
Jacob J. Lew/OMB/EOP
Gina C. Mooers/OMB/EOP

Daniel N. Mendelson

08/03/98 12:02:42 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Proposed revision to Viagra language

Per our conversations; please comment.

An amendment to the Committee bill would prohibit HCFA from paying for a specific pharmaceutical agent under Medicaid except for post-surgical treatment. We oppose the use of the appropriations process to make selective coverage determinations and judgments regarding how best to treat specific medical problems. Further, the amendment is unnecessary because the Secretary already has authority to limit coverage for pharmaceutical agents if prescribed inappropriately, and States already have broad latitude to limit the use of drugs under Federal law through drug utilization review and prior authorization programs.

Message Sent To:

Charles E. Kieffer/OMB/EOP
Christopher C. Jennings/OPD/EOP
Elena Kagan/OPD/EOP
Mark E. Miller/OMB/EOP
Barry T. Clendenin/OMB/EOP
Joshua Gotbaum/OMB/EOP
Gina C. Mooers/OMB/EOP

Daniel N. Mendelson

07/16/98 03:11:45 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Mark E. Miller/OMB/EOP, Robert J. Pellicci/OMB/EOP, Jeffrey A. Farkas/OMB/EOP

Subject: Viagra Position

Below is an assessment of the prohibition on funding for Viagra in Medicaid adopted in the House full Appropriations Committee mark-up of the Labor/HHS bill this week, and a proposed position of opposition. I have discussed this with HCFA, HHS, and Chris. Please comment. We have more background materials if you need them.

Background

- The full House Appropriations Committee passed an amendment on Tuesday, July '14 to prohibit the Medicaid program from reimbursing States for the costs of the drug Viagra, except in cases of post surgical treatment.
- Up to \$100 million of the savings from the prohibition would be made available for Children's Mental Health Services in SAMHSA, based on savings "estimated by the Office of Management and Budget and scored by the Congressional Budget Office."
- A related amendment adopted by the Committee would prohibit the use of any funds made available in the L/HHS act to take administrative action against States that do not provide Medicaid coverage for Viagra or any other drug or device used to treat erectile dysfunction.
- While we have not made a final determination on scoring, we believe that the Federal share of savings from such a provision may be about \$15 million in FY99. More on this to follow.

Proposed Position

- The amendment sets a dangerous precedent for the selective choosing of drugs that can be covered by Medicaid. For instance, states may try to extend such language to exclude coverage of protease inhibitors for AIDS treatment. Many states were initially resistant to covering this drug because of its costs.
- The Secretary currently has the authority to limit coverage of Viagra if the use of the drug is subject to clinical abuse or inappropriate use. Thus, under current law, should research show the drug is being used inappropriately, the Secretary can limit its availability. We can and would use this authority if we get evidence that Viagra is being used inappropriately.
- States currently have broad latitude to limit the use of these drugs under federal law through drug utilization review and prior authorization programs. They use this authority frequently (e.g., for drugs prone to abuse, such as human growth hormone).